

NETX HOLDINGS BERHAD (533441-W)
 FORMERLY KNOWN AS ARIANTEC GLOBAL BERHAD
 (Incorporated in Malaysia)
 UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE 18 MONTHS (6TH QUARTER) ENDED 30 JUNE 2014

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT PERIOD QUARTER	PRECEDING YEAR QUARTER	CURRENT PERIOD TO DATE 18 MONTHS	PRECEDING YEAR TO DATE 12 MONTHS
	30/06/2014 RM'000	30/06/2013 RM'000	30/06/2014 RM'000	31/12/2012 RM'000
REVENUE	1,236	400	5,171	2,866
COST OF SALES	(2,607)	(667)	(7,058)	(2,360)
GROSS (LOSS) / PROFIT	(1,371)	(267)	(1,887)	506
OTHER INCOME	730	-	792	111
ADMINISTRATION EXPENSES	(182)	(357)	(1,707)	(2,561)
OTHER OPERATING EXPENSES	(2,071)	(474)	(3,497)	(15,752)
LOSS FROM OPERATIONS	(2,894)	(1,098)	(6,299)	(17,696)
FINANCE COST	(57)	(52)	(332)	(235)
LOSS BEFORE TAX	(2,951)	(1,150)	(6,631)	(17,931)
INCOME TAX EXPENSES	757	-	757	2,433
NET LOSS FOR THE PERIOD/YEAR	(2,194)	(1,150)	(5,874)	(15,498)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD/YEAR	(2,194)	(1,150)	(5,874)	(15,498)
NET LOSS FOR THE PERIOD/YEAR ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	(2,191)	(1,150)	(5,871)	(15,496)
NON-CONTROLLING INTEREST	(3)	-	(3)	(2)
	(2,194)	(1,150)	(5,874)	(15,498)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD/YEAR ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	(2,191)	(1,150)	(5,871)	(15,496)
NON-CONTROLLING INTEREST	(3)	-	(3)	(2)
	(2,194)	(1,150)	(5,874)	(15,498)
EARNING PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT :				
Basic (sen)	(0.35)	(0.20)	(0.99)	(2.72)

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

NETX HOLDINGS BERHAD (533441-W)
 FORMERLY KNOWN AS ARIANTEC GLOBAL BERHAD
 (Incorporated in Malaysia)
 UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2014

	AS AT 30 June 2014 Unaudited RM'000	AS AT 31 December 2012 Audited RM'000
<u>ASSETS</u>		
<u>NON-CURRENT ASSETS</u>		
PROPERTY, PLANT AND EQUIPMENT	5,581	5,972
DEFERRED TAX ASSET	3,159	2,420
GOODWILL ON CONSOLIDATION	19,849	20,130
	<u>28,589</u>	<u>28,522</u>
<u>CURRENT ASSETS</u>		
Inventories	1,342	3,951
Trade Receivables	1,236	1,324
Other Receivables, Deposits and Prepayment	246	1,187
Fixed Deposit Placed with Licenced Bank	2,577	1,224
Cash and Bank Balances	780	133
	<u>6,181</u>	<u>7,819</u>
TOTAL ASSETS	<u>34,770</u>	<u>36,341</u>
<u>EQUITIES AND LIABILITIES</u>		
<u>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</u>		
SHARE CAPITAL	62,555	56,875
SHARE PREMIUM	2,599	2,686
OTHER RESERVES	-	(391)
ACCUMULATED LOSSES	(34,689)	(28,818)
	<u>30,465</u>	<u>30,352</u>
NON-CONTROLLING INTEREST	25	28
TOTAL EQUITY	<u>30,490</u>	<u>30,380</u>
<u>NON-CURRENT LIABILITIES</u>		
Long Term Borrowing	3,392	3,777
Deferred tax	-	17
	<u>3,392</u>	<u>3,794</u>
<u>CURRENT LIABILITIES</u>		
Trade Payables	421	1,471
Other Payables and Accruals	160	206
Amount Due To Directors	-	22
Short Term Borrowing	264	421
Tax liabilities	43	47
	<u>888</u>	<u>2,167</u>
TOTAL LIABILITIES	<u>4,280</u>	<u>5,961</u>
TOTAL EQUITIES AND LIABILITIES	<u>34,770</u>	<u>36,341</u>
No of ordinary shares ('000)	625,553	568,753
Net Assets per share attributable to owners of the parent (RM)	0.05	0.05

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

NETX HOLDINGS BERHAD (533441-W)
FORMERLY KNOWN AS ARIANTEC GLOBAL BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 18 MONTHS (6TH QUARTER) ENDED 30 JUNE 2014

	ATTRIBUTABLE TO OWNER OF THE PARENT					NON-CONTROLLING INTEREST	TOTAL EQUITY
	SHARE CAPITAL	DISTRIBUTABLE RESERVE - SHARE PREMIUM	DISTRIBUTABLE RESERVE - OTHERS	DISTRIBUTABLE RESERVE - ACCUMULATED LOSSES	TOTAL		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
18 months period ended 30 June 2014							
Balance as at 1 January 2013	56,875	2,686	(391)	(28,818)	30,352	28	30,380
Disposal of subsidiary	-	-	391	-	391	-	391
Expenses for private placement	-	(87)	-	-	(87)	-	(87)
Issuance of shares	5,680	-	-	-	5,680	-	5,680
Net loss for the financial period representing total recognised income and expenses for the period	-	-	-	(5,871)	(5,871)	(3)	(5,874)
Balance as at 30 June 2014	62,555	2,599	-	(34,689)	30,465	25	30,490
12 months year ended 31 December 2012							
Balance as at 1 January 2012	56,875	2,686	(391)	(13,322)	45,848	30	45,878
Net loss for the financial year representing total recognised income and expenses for the year	-	-	-	(15,496)	(15,496)	(2)	(15,498)
Balance as at 31 December 2012	56,875	2,686	(391)	(28,818)	30,352	28	30,380

The unaudited Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

NETX HOLDINGS BERHAD (533441-W)
 FORMERLY KNOWN AS ARIANTEC GLOBAL BERHAD
 (Incorporated in Malaysia)
 UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE 18 MONTHS (6TH QUARTER) ENDED 30 JUNE 2014

	CURRENT PERIOD TO DATE 30/06/2014 RM'000	PRECEDING YEAR TO DATE 31/12/2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(6,631)	(17,931)
Adjustment for:		
Depreciation of property, plant and equipment	229	277
Provision of doubtful debts	7	8,119
Impairment of inventories	1,143	-
Inventories written off	263	-
Loss on disposal of subsidiary	378	-
Bad debts written off	502	-
Deposits and prepayment written off	707	-
Impairment loss on goodwill	281	6,655
Property, plant and equipment written off	37	1
Loss on disposal of property, plant and equipment	19	-
Interest expense	332	235
Interest income	(97)	(56)
Operating loss before working capital changes	(2,830)	(2,700)
Decrease in current assets	1,030	720
(Decrease) / Increase in current liabilities	(1,118)	398
Cash Used in Operations	(2,918)	(1,582)
Tax Paid	(4)	(256)
Interest paid	(332)	(235)
Interest received	97	56
Net Cash Used in Operating Activities	(3,157)	(2,017)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	110	-
Purchase of property, plant and equipment	(4)	(21)
Net Cash Generated from/(Used in) Investing Activities	106	(21)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from issuance of shares	5,680	-
Payment for expenses for issuance of shares	(87)	-
Repayment of bank borrowings and hire purchase obligations	(444)	(944)
Decrease in fixed deposits pledged	1,224	1,467
Net Cash Generated from Financing Activities	6,373	523
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,322	(1,515)
Effect of changes in exchange rates	-	1
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	35	1,549
CASH AND CASH EQUIVALENTS CARRIED FORWARD	3,357	35
Cash and cash equivalents at end of period/year consist of :-		
Cash and bank balances	780	133
Bank overdraft	-	(98)
Fixed deposit with licensed bank	2,577	-
	3,357	35

The unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6TH QUARTER ENDING 30 JUNE 2014

A. EXPLANATORY NOTES

A 1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standards ("FRS") 134 "Interim Financial Reporting" and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.

The report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2012. The explanatory notes attached to the quarterly financial report provide an explanation on events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2012.

The accounting policies and methods of computation adopted by the Group in the quarterly financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2012, except for in the current period ended 30 June 2014, the Group adopted the Malaysian Financial Reporting Standards Framework ("MFRS Framework") relevant to the Group as explained below:

Effective for financial periods beginning on or after 1st January 2013

MFRS 3	Business Combinations
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefit (revised)
MFRS 127	Consolidated and Separate Financial Statements (revised)
MFRS 128	Investments in Associates and Joint Ventures (revised)
Amendments to MFRS 1	First-time Adoption of MFRS - Government Loans
Amendments to MFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance
Annual Improvements to IC Interpretations and MFRSs 2009 - 2011 Cycle	

On 19 November 2011, Malaysian Accounting Standard Board ("MASB") issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer ("Transitioning Entities").

The Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the period ending 30 June 2014. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening undistributed income.

The adoption of the MFRSs does not have any significant impact on the interim financial statements of the Group and the Company.

A 2 SEASONAL OR CYCLICAL FACTORS

The business of the Company/Group is not subject to any seasonal or cyclical factors.

A 3 NATURE AND AMOUNT OF EXCEPTIONAL AND/OR EXTRAORDINARY ITEMS

There were no exceptional and/or extraordinary items as at the date of this announcement.

A 4 CHANGES IN ESTIMATES

There were no material changes in estimates in respect of amount reported in prior financial years, which have a material effect in the quarter under review.

A 5 ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES, SHARE BUYBACKS, SHARE CANCELLATIONS AND TREASURY SHARES

There were no issuances and repayment of debt and equity securities, share buy-backs, share cancellation, shares held as treasury shares or resale of treasury shares for the current financial period ended 30 June 2014 except for the following:

	Ordinary share of RM0.10 each No of shares '000	RM'000
Share capital-issued and fully paid up as at 01.10.2013	568,753	56,875
Arising from private placement	<u>56,800</u>	<u>5,680</u>
Share capital as at 31.12.2013	<u><u>625,553</u></u>	<u><u>62,555</u></u>

A 6 DIVIDENDS PAID

No dividends were paid during the quarter under review.

A 7 SEGMENTAL INFORMATION

A segmental report is not prepared as the company is only involved in network infrastructure business.

A 8 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no changes in the valuation of property, plant and equipment reported in the previous audited financial statements that will have an impact on the quarter under review.

A 9 SIGNIFICANT EVENTS DURING THE CURRENT QUARTER

On 6 June 2014, approval has been obtained from shareholders at the Extraordinary General Meeting that Messrs Ecovis AHL are appointed as Auditors of the Company for the financial period ending 30 June 2014.

A 10 CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the quarter under review.

A 11 CONTINGENT LIABILITIES

There were no contingent liabilities as at the date of this report.

A 12 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM REPORTING PERIOD

There is no material events subsequent to the end of the interim reporting period.

A 13 CAPITAL COMMITMENTS

There were no material capital commitments incurred or known to be incurred by the Group, which may have a substantial impact on the financial position of the Group.

A 14 RELATED PARTY TRANSACTIONS

As at end of the current quarter under review, the Group has entered into the following related party transactions:

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Quarter Ended	Preceding Year Corresponding Quarter Ended
	30/06/2014 RM'000	30/06/2013 RM'000	30/06/2014 RM'000	31/12/2012 RM'000
Transaction with Lim.Chong.Phang & Amy, a Company with a common director: - Professional fee	<u>20</u>	<u>-</u>	<u>135</u>	<u>-</u>

All related party transactions had been entered into in the ordinary course of business based on normal commercial terms.

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B 1 REVIEW OF PERFORMANCE OF COMPANY/GROUP

The Group's revenue increased by approximately 478% from RM0.2 million in the previous quarter to RM1.2 million for the quarter under review. The Group recorded a loss after taxation ("LAT") for the current quarter of RM2.2 million compared to LAT of RM0.4 million in the previous quarter. The increase in revenue is mainly due to more order placed by end customers as compared to previous quarter. Despite bad debt recovered amounted to RM0.7 million arose from out of court settlement and deferred tax asset recognition amounted to RM0.8 million, there is an increase in LAT which were mainly due to: (i) written off of deposits and prepayment amounted to RM0.7 million (ii) bad debts written off amounted to RM0.5 million (iii) loss on disposal of subsidiary amounted to RM0.4 million (iv) impairment of goodwill amounted to RM0.3 million (v) impairment of inventories amounted to RM1.1 million (vi) inventories written off amounted to RM0.3 million.

For the financial period to-date, the Group recorded revenue and loss after taxation of RM5.2 million and RM5.9 million as compared to RM2.9 million revenue and loss after taxation of RM15.5 million for the preceding 12 months ended 31 December 2012. This represents an increase of approximately RM2.3 million in revenue and loss after taxation ("LAT") decreased by approximately RM9.6 million respectively. The increase in revenue was due to 18 months results while the decreased in loss after taxation was mainly due to impairment loss on goodwill amounted to RM6.7 million and trade receivables amounted to RM5.1 million respectively taken place in the preceding 12 months ended 31 December 2012.

B 2 COMPARISON WITH THE PRECEDING QUARTER'S RESULT

The Group's revenue increased by approximately 478% from RM0.2 million in the previous quarter to RM1.2 million in the current quarter under review. The Group recorded a loss after taxation for the current quarter of RM2.2 million compared to loss after tax of RM0.4 million in the previous quarter. The increase in revenue was mainly due to more order placed by end customers as compared to previous quarter.

	Current Quarter	Preceding Quarter	Difference	
	Ended 30.06.2014 (Unaudited) RM'000	Ended 31.03.2014 (Unaudited) RM'000	RM'000	%
Revenue	1,236	214	1,022	478
Loss before tax	(2,951)	(423)	(2,528)	598
LAT	(2,194)	(423)	(1,771)	419

B 3 CURRENT YEAR PROSPECTS

The directors and management of the Group will pursue to create more business ventures, upgrade technical skills to overcome the unstable market condition in order to propel future growth and achieve a solid revenue base for the Group.

The directors anticipate that the Group will deliver a reasonable performance despite the challenging economic condition for the financial year ending 30 June 2015.

B4 LOSS BEFORE TAX

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year	Current Quarter	Preceding Year
	Ended	Corresponding Quarter Ended	Ended	Corresponding Quarter Ended
	30/06/2014 RM'000	30/06/2013 RM'000	30/06/2014 RM'000	31/12/2012 RM'000
Loss before tax is stated after charging/(crediting) :-				
Impairment of goodwill on consolidation	281	-	281	6,655
Impairment of inventories	1143	-	1143	-
Inventories written off	263	-	263	-
Depreciation of P.P.E.	34	39	229	277
Provision of doubtful debts	7	-	7	8,119
Loss on disposal of subsidiary	378	-	378	-
Bad debts written off	502	-	502	-
Deposits and prepayment written off	707	-	707	-
Loss on disposal of P.P.E	-	-	19	-
Property, plant and equipment written off	-	-	37	1
Loss / (Gain) on forex	-	-	7	(32)
Equipment rental	4	-	22	-
Interest expense	57	52	332	235
Interest income	(17)	-	(97)	(56)
Rental income	(13)	-	(20)	(8)
Bad debt recovered	(700)	-	(700)	-

B 5 PROFIT FORECAST / PROFIT GUARANTEE

The Group did not issue any profit forecast/profit guarantee for the financial period to-date.

B 6 TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Quarter Ended	Preceding Year Corresponding Quarter Ended
	RM'000	RM'000	RM'000	RM'000
Current period				
- Income taxation	-	-	-	(6)
- Deferred taxation	(757)	-	(757)	(2,427)
Total	(757)	-	(757)	(2,433)

B 7 DISCLOSURE OF REALISED AND UNREALISED PROFIT/(LOSSES)

	As at 30.06.2014 Unaudited RM'000	As at 31.12.2012 Audited RM'000
Total accumulated losses of the Company and its subsidiaries :-		
- Realised	(34,689)	(28,835)
- Unrealised	-	17
Total group accumulated losses as per consolidated accounts	(34,689)	(28,818)

B 8 A) STATUS OF CORPORATE PROPOSAL ANNOUNCED

On 6 June 2014, approval has been obtained from shareholders at the Extraordinary General Meeting that Messrs Ecovis AHL are appointed as Auditors of the Company for the financial period ending 30 June 2014.

B) STATUS OF UTILISATION OF PROCEEDS RAISED FROM PRIVATE PLACEMENT

Following the completion of private placement exercise on 18 November 2013, the following are the status of utilisation of the proceeds in the quarter under review:-

<u>Purpose</u>	<u>Proposed Utilisation</u>	<u>Actual Utilisation</u>	<u>Balance</u>	<u>Intended Timeframe for Utilisation</u>
	RM'000	RM'000	RM'000	
-Working capital	3,380	1,820	1,560	Within 12 months
-Future projects funding	2,200	1,200	1,000	Within 12 months
-Estimated expenses in relation to proposed private placement	100	100	-	Within 1 month
	<u>5,680</u>	<u>3,120</u>	<u>2,560</u>	

B 9 GROUP BORROWINGS AND DEBT SECURITIES

	As at 30.06.2014 RM'000	As at 31.12.2012 RM'000
Short term borrowing		
Secured	<u>264</u>	<u>421</u>
Long term borrowing		
Secured	<u>3,392</u>	<u>3,777</u>

B 10 MATERIAL LITIGATION

i) The Company had enquired with the then solicitors in regard of three (3) cases of Global Soft VS B.I.S Technologies Sdn Bhd (Kuala Lumpur High Court Civil Suite No.57-22-175-2005) , Global Soft VS North West Enterprise Sdn Bhd (Shah Alam Session Court No.52-437-06) and Global Soft VS Phitomas Sdn Bhd as well as making enquiries to the respective Courts. Both the solicitors and courts are not able to locate the files and the Company has not been notified by the respective lawyers on these matters. It is deemed that all these matters had been resolved/dissolved.

In the event that there is new development on these cases, immediate announcement will be made accordingly.

(ii) On 4 December 2013, the Company's wholly owned subsidiary, Ariantec Sdn Bhd ("ASB"), via its counsel, Messrs Lim Chong Phang & Amy filed a Writ of Summon (Kuala Lumpur High Court Civil Suit No. 22NCC-674-12/2013) with the Kuala Lumpur High Court against Microbial International Sdn Bhd ("MISB") (f.k.a Niagara Technologies International Sdn Bhd) claiming for an outstanding amount of RM8,555,793.05. The claim of RM8,555,793.05 representing the outstanding payment due from MISB for goods and services rendered under a Supply Agreement entered into between ASB and MISB on 6 September 2011.

On 27 February 2014, the Company announced that application is fixed for case management on 18 March 2014 where court will further give directions and the suit is fixed for trial from 21 to 24 July 2014.

On 24 March 2014, the Company announced that ASB has filed a 3rd party notice against Vincent Loy Ghee Yaw and Chen Kong Kheng on 20 March 2014 in Kuala Lumpur High Court inter alia for the following reliefs that:

- a) ASB is indemnified against Microbial International Sdn Bhd's ("Microbial") counter-claim on a full indemnity basis;
- b) ASB is entitled to damages amounting to RM 8,555,793.05 as pleaded in the original action against Microbial if ASB fails to obtain a judgment against Microbial;
- c) A declaration that 3rd parties have breached their fiduciary duties as the directors of ASB if ASB fails to obtain judgment against Microbial or if ASB is found liable for Microbial's counter claim;
- d) General damages for breaching their fiduciary duties as the directors of ASB at the material time;
- e) Documents within their possession or control to be returned forthwith to ASB together with a statutory declaration confirming the list of documents taken from ASB;
- f) General damages for interference to and/or trespass to ASB's documents;
- g) Interest at the rate of 5% on the judgment sum to be counted from the date of judgment to the date of full and final settlement;
- h) Cost; and
- i) All other reliefs deemed fit and just by this Honourable Court.

On 14 April 2014, the Company announced that ASB had withdrawn its Summary Judgement Application with no order as to costs.

On 19 May 2014, the Company announced that another case management was fixed on 9 June 2014 after the respective parties confirmed that the parties are in deep negotiations to amicably settle the said Suit.

On 5 June 2014, the Company announced that the parties have reached an amicable out of court settlement in respect of the above suit whereby the parties entered into a Settlement Agreement ("Agreement") to formalise the terms of settlement of which the Company shall receive RM 700,000.00 as full and final settlement of the Kuala Lumpur High Court Civil Suit No. 22NCC-674-12/2013 and all parties shall withdraw their respective claims with no liberty file afresh and no order as to costs.

ASB received the duly stamped copy of the Agreement on 4 June 2014 whereby the solicitors have dated the Agreement on 30 May 2014. Pursuant to the terms of the Agreement, the respective parties have filed the Notices of Discontinuance on 5 June 2014 resulting in the above suit to be withdrawn by ASB with no liberty to file afresh on any matters under the Agreement and with no order as to cost.

(iii) On 20 February 2014, the Company and its wholly owned subsidiary Ariantec Sdn Bhd ("ASB"), via its counsel, Messrs Chew Chang Min filed a suit at the Kuala Lumpur High Court under Suit No. 22NCVC-72-02-2014 against Lee Wai Tuck and PT Pekanbaru Cybercity ("PCC") on 20 February 2014. The Company and ASB's suit is for, inter alia, breach of contract by Lee Wai Tuck and PCC in respect of the Letter Of Award ("LOA") ("Project") between PCC and ASB.

The Company and ASB are asking for the following reliefs :

- a) Against Lee Wai Tuck, a declaration that he is responsible to the Company and ASB by way of indemnity for all claims, damages, losses, costs, expenses and/or compensation that is made against and payable by ASB to PCC as a result of any action or proceeding brought by PCC against ASB that concerns the 2 "works orders" dated 14 and 22 November 2013 issued by PCC pursuant to the LOA or the Project or the LOA;
- b) Against Lee Wai Tuck, damages for breach of contract;
- c) Against PCC, a declaration that the LOA has been dissolved;
- d) Against PCC, a declaration that the LOA is unenforceable;
- e) Against Lee Wai Tuck, USD1,500,000.00 which is the Company and ASB's estimated loss of profits from the Project.

On 28 March 2014, the Company announced that the defendants had served their defence and counterclaim on the Company and ASB. The judge had directed the Company and ASB to file their defence accordingly.

On 10 April 2014, the Company announced that the next case management was fixed on 11 July 2014 for showing relevant cause paper to the court and a final case management on 5 August 2014 for parties to exchange witness statements. The suit is fixed for trial on 11 and 12 August 2014.

On 13 August 2014, the Company announced that it had entered into a Consent Judgment with Lee Wai Tuck ("LWT") and PCC on 11 August 2014 under Suit No. 22NCVC-72-02-2014. Under the terms of the Consent Judgment, the Company and its subsidiary ASB agreed to withdraw their claim against LWT and PCC and LWT and PCC agreed to withdraw their counterclaim against the Company and ASB. In addition, PCC agreed and undertook to withdraw and cease all proceedings against ASB in Indonesia that arises out of its Letter of Award dated 30 July 2013 to ASB and under the Work Orders dated 14 and 22 November 2013. PCC also agreed and undertook to withdraw all complaints made against the Company and ASB.

B11 DIVIDEND PAYABLE

No dividend was declared or paid in the current quarter under review.

B 12 EARNINGS PER SHARE

Earnings per share was calculated based on net profit for the period and the weighted average number of shares in issue during the financial period.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT PERIOD QUARTER 30/06/14	PRECEDING YEAR QUARTER 30/06/13	CURRENT PERIOD TO DATE 30/06/14	PRECEDING YEAR TO DATE 31/12/12
Net loss attributable to owners of the parent (RM)	<u>(2,191,000)</u>	<u>(1,149,600)</u>	<u>(5,871,000)</u>	<u>(15,496,000)</u>
Weighted average number of ordinary shares	<u>625,553,033</u>	<u>568,753,033</u>	<u>592,055,597</u>	<u>568,753,033</u>
Basic loss per share (sen)	<u>(0.35)</u>	<u>(0.20)</u>	<u>(0.99)</u>	<u>(2.72)</u>
Weighted average number of ordinary shares Effect of dilution	625,553,033 -	568,753,033 -	592,055,597 -	568,753,033 -
Adjusted weighted average number of ordinary shares in issue and issuable	<u>625,553,033</u>	<u>568,753,033</u>	<u>592,055,597</u>	<u>568,753,033</u>
Diluted loss per share (sen)	<u>(0.35)</u>	<u>(0.20)</u>	<u>(0.99)</u>	<u>(2.72)</u>

B 13 QUALIFICATION OF FINANCIAL STATEMENTS

The auditors' report for the preceding annual financial statements of the Group for the financial year ended 31 December 2012 was subject to qualification as below:

Included in the Group's intangible assets and the Company's investment in subsidiary are amounts of RM26,784,937 and RM38,250,000 representing goodwill on consolidation which arose on the acquisition of a subsidiary in prior year and the historical cost of investment in the said subsidiary. The said subsidiary reported a significant net loss after tax of RM10,632,028 in its audited financial statements for the financial year ended 31st December 2012. Notwithstanding the impairment loss on goodwill amounting to RM6,655,000 and impairment loss on investment in this subsidiary of RM18,100,000 made during the financial year as disclosed in Notes 12 and 13 to the Financial Statements, we are unable to obtain sufficient appropriate audit evidence that the remaining goodwill with a net carrying amount of RM20,129,937 and net carrying amount of investment of RM20,150,000 are not significantly impaired.